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RUEHLO/AMEMBASSY LONDON PRIORITY 7433
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2947
RUEHRH/AMEMBASSY RIYADH PRIORITY 5810
RUEHDE/AMCONSUL DUBAI PRIORITY 1713
RUEHKP/AMCONSUL KARACHI PRIORITY 9187
RUEHLH/AMCONSUL LAHORE PRIORITY 5028
RUEHPW/AMCONSUL PESHAWAR PRIORITY 3730
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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 000980

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SUBJECT: PPP/NAWAZ: TACTICAL ALLIES BUT STRATEGIC ENEMIES

Classified By: Anne W. Patterson, for reasons 1.4 (b)(d)

11. (C) Summary. Pakistan Muslim League (PML) General Secretary Mushahid Hussain believes that Asif Zardari's

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Pakistan People's Party (PPP) and Nawaz Sharif's Pakistan Muslim League-N (PML-N) party are "tactical allies but strategic enemies" so the alliance may be short-lived. Mushahid predicted that the Muttahida Quami Movement (MQM) and the religious bloc of parties would join the PPP coalition. However, he said Nawaz would avoid naming ministers to keep his options open for a triumphant return when the coalition collapsed. According to Mushahid, Nawaz believes he has Saudi support for this effort; meanwhile, Zardari is positioning himself to become Prime Minister. The PML prefers Amin Faheem as Prime Minister but can work with Ahmed Mukhtar as a temporary stand-in. End summary.

12. (C) In a March 4 meeting with Polcouns, Pakistan Muslim League (PML) General Secretary Mushahid Hussain described Asif Zardari's Pakistan People's Party (PPP) and Nawaz Sharif's Pakistan Muslim League-N (PML-N) party as "tactical allies but strategic enemies." Mushahid said he was counseling President Musharraf to sit back and wait for the coalition to fall apart as Nawaz made inevitable mistakes. Nawaz, claimed Mushahid, "doesn't know when to stop and will overreach." Mushahid predicted that Nawaz would not agree to join the PPP cabinet because he is waiting for the new government to collapse. According to Mushahid, Nawaz now believes he has the backing of the "ummah" (Islamic community of believers) and will not be satisfied with the "hors d'oeuvre" of the Punjab but wants the whole meal of the national government. Asked what the "ummah" wanted in return, Mushahid noted that when Nawaz was last Prime Minister, then Saudi Prince Sultan received a special tour of Pakistan's Kahuta nuclear facility.

13. (C) Asked if the PML would join the PPP if the deal with the PML-N fell apart, Mushahid said that his party is ready to be in opposition but would of course consider offers. Mushahid expects to continue as PML General Secretary and has urged PML President Chaudhry Shujaat Hussain not to resign. Reports that PML spokesman Tariq Azeem had resigned, said Mushahid, were premature. PML was worried, Mushahid admitted, about the number of constituencies in Balochistan that were still in dispute and have not been called by the

Election Commission. He said Balochistan was the only province where the PML has a reasonable chance of forming a government.

14. (C) Mushahid described Zardari as being "entirely practical," someone who judges people only on what they can or cannot do for him. Mushahid disagreed with the view of many PML members that Nawaz would easily outmaneuver Zardari. "Nawaz hasn't changed -- he is still bent on revenge and living in the past," said Mushahid, "but Zardari has matured and learned from his mistakes -- we are still concerned about his corruption but we can deal with him." Asked about Zardari's foreign backer, Mushahid said it was Sheikh Mohammed of the UAE. The UAE is the largest foreign investor in Pakistan, said Mushahid, and Zardari wants to keep that support.

15. (C) Zardari, said Mushahid, should decide "soon" on a Prime Minister; "the constant rumors about alternative candidates to Amin Faheem are undermining PPP cohesion and weakening their eventual leader." Zardari is looking for "the tallest pygmy" to govern until he can take over, claimed Mushahid. He predicted that Musharraf would have "no problem" with Ahmed Mukhtar although the PML preferred to work with Faheem. Mukhtar would only be a placeholder for Zardari, predicted Mushahid.

16. (C) Comment: No one but Zardari really knows who he will choose as Prime Minister, and Zardari appears content to keep them guessing. It appears increasingly unlikely that Nawaz will join the cabinet, so Zardari faces a difficult choice of whether to proceed with a tenuous relationship, seek a new partner in the PML, or go it alone with the smaller parties.

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